No. 86-96

Supreme Court, U.S.
FILED
AUG 27 1986
JOSEPH F. SPANIOL, JR.
CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1986

EASTMAN KODAK COMPANY,

Petitioner,

v.

POLAROID CORPORATION,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

KODAK'S REPLY BRIEF

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August 27, 1986

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KODAK'S REPLY BRIEF

Though Polaroid takes a few ineffectual pokes at our explanation of the importance of the questions here presented (Brief 16-17), it does not claim that the patent system is being administered in accordance with the Court's mandate in *John Deere,* nor does it deny that the Federal Circuit has sharply curtailed judicial enforcement of the constitutional standard of invention (see Petition 10-14). Rather, Polaroid seems to suggest that those departures from the Court's consistent rulings are in the public interest (Brief 18 n.34) and claims this case is not an appropriate one for review of such important issues (Brief 2) because, according to Polaroid, this case, unlike *John Deere* and *A&P,* involves only facts and not the law (Brief 18 n.35).

Adopting the rhetorical theory that repetition results in persuasion, Polaroid advances throughout its brief the pretense that Kodak seeks a *de novo* hearing on factual issues in this Court (Brief i, 18, 27). This is simply not so—Kodak does not here question the lower courts' factual findings as to the differences between the prior art and Polaroid's claimed inventions or Kodak's practices, but only the legal significance under this Court's decisions of the differences as found.

A. Polaroid's effort to avoid the real and substantial questions presented by the petition is belied by its own submission, which embraces and highlights the error below:

1. Polaroid concedes that the ultimate question of obviousness or invention is one of law and that the clearly-erroneous standard of Rule 52(a) does not apply to review of that question (Petition 14-17; Brief 19). Polaroid then asserts—without citation to the record— that the court of appeals carefully segregated its review of the findings of fact and conclusions of law made by the district court (Brief 19). One searches the court of appeals' opinion in vain for any indication of such a decisional framework or for any review at all of the district court's legal conclusions to confirm "strict observance" of the requirement of invention. *See Graham* v. *John Deere Co.*, 383 U.S. 1, 18 (1966). Indeed, the court of appeals, like the district court, failed even to mention the constitutional standard of invention as set forth in the decisions of this Court (see Petition 14-17).

2. Polaroid adopts the court of appeals' position that combination patents are not subject to strict scrutiny and contends that neither *John Deere* "nor any other decision of this Court since" takes a different view (Brief 20). This contention is false: the Court's unanimous opinion

in *Sakraida* v. *Ag Pro, Inc.*, 425 U.S. 273, 281 (1976), expressly reaffirms the common-sense "admonition" in *A&P* that courts "should scrutinize combination patent claims with a care proportioned to the difficulty and improbability of finding invention in an assembly of old elements." *Accord, Anderson's-Black Rock, Inc.* v. *Pavement Salvage Co.*, 396 U.S. 57, 61 (1969); *Roanwell Corp.* v. *Plantronics, Inc.*, 429 U.S. 1004 (1976) (White, J., dissenting from denial of certiorari), *reh. denied*, 429 U.S. 1079 (1977); see Petition 18-21. Having embraced the court of appeals' view that "[r]eference to 'combination' patents is . . . meaningless," Polaroid does *not* dispute that '165/'262, '821, '540 and '392 are combination patents and does *not* contend that this Court's "admonition" of strict scrutiny was observed below (see Petition 18-21). The Federal Circuit's consistent refusal to apply strict scrutiny to "inventions" that merely combine elements of old art directly conflicts with the decisions both of this Court and of the courts of appeals before the creation of the Federal Circuit. *See, e.g., Smith* v. *Acme General Corp.*, 614 F.2d 1086, 1093-95 (6th Cir. 1980); *Republic Industries, Inc.* v. *Schlage Lock Co.*, 592 F.2d 963, 972 (7th Cir. 1979) (cited in Brief at 21 n.43); *Saturn Manufacturing, Inc.* v. *Williams Patent Crusher & Pulverizer Co.*, 713 F.2d 1347, 1352 (8th Cir. 1983); Petition 18-19 & n.12.

3. While Polaroid makes much of Kodak's legally encouraged examination of the SX-70, and claims that Kodak "took the heart of Polaroid's patented technology" (Brief 3-5), there was no finding below that Kodak copied the SX-70 or its "heart." Polaroid's self-congratulatory paean to the "quintessential contribution" and "brilliance" of the SX-70 system (Brief 2-3) thus ignores, as did the district court's more restrained tribute (A47), the fact that neither the SX-70 camera nor SX-70 film is a patented

invention and that the patents in suit cover only three specific and minor features of the many discrete components of the SX-70 system, 152 of which supposedly represented patented "inventions" (JA14,678-86). The district court could not assign "credit for the commercial success" of the SX-70 to any one of the patents in suit (A52), which is hardly surprising since the three "inventions"—polyester film supports ('540), the "rear pick" ('392) and the bending of film ('211)—are but the everyday work of mechanics; to speak of them in terms appropriate to Bell Labs' transistor or Dr. Salk's polio vaccine shows just how far Polaroid would trivialize the constitutional standard of invention.[1]

4. Polaroid, like the courts below, confuses novelty and invention, but the former is a separate requisite of patentability and does not subsume the latter. *See* 35 U.S.C. §§ 101, 102, 103. Polaroid was alone in the field of instant photography for many years, and it is thus hardly surprising that Polaroid was first to employ basic chemical and mechanical knowledge in that field and to reemploy its own prior art in successive designs with such adaptation as might be required. This priority of application proves nothing on the question of invention—the first person to approach any design requirement will likely work with the more obvious alternatives suggested by the prior art, and the mere fact that he chooses what best serves and adapts it as necessary does not entitle him to a patent monopoly. *See Jungersen* v. *Ostby & Barton Co.*, 335 U.S. 560, 566-67

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[1] The negative dye developers of '789 and the film structure of '165/'262 were never used by Polaroid (A47, A66, A80). Polaroid did not use the polymeric acid layer of '821, if ever, until 1979, seven years after the SX-70's introduction and three years after commencement of this litigation (JA318-19). The 152 patented "inventions" referred to in the text above were allegedly embodied in the SX-70 system as introduced in 1972 and supplemented by a new camera line in 1976.

(1949).[2] By obscuring this principle Polaroid led the courts below into the error of distinguishing particular elements of prior art simply because they were not tailored to meet the specific requirements of color photography (Brief 7 and 23, discussing '821) or instant photography (Brief 13 and 25, discussing '392). (See Petition 4, 10, 22-24.) This Court has rejected such a notion and held that "the mere existence of differences between the prior art and an invention does not establish the invention's nonobviousness"; instead, the "gap between the prior art" and the claimed invention must be "so great as to render the [adaptation] nonobvious to one reasonably skilled in the art" and seeking to meet the same need. *Dann* v. *Johnston*, 425 U.S. 219, 230 (1976).

5. After admitting that the practice of prior art cannot infringe a valid patent (Brief at i; see Petition at i, 25-27), Polaroid repeats the error of the lower courts and argues by a narrow reading of anticipation under 35 U.S.C. § 102 that the practice of prior art requires exact identity of structure and function (Brief at 25-26 & n.55). The issue presented here as to '789 and '211 concerns not just anticipation, however, but obviousness as well: if a product utilizes the prior art with only routine adaptations, how can it infringe a patent granted for an "invention" made after the prior art was known? The lower courts created this anomaly by improperly narrowing the claims of the patents at issue to avoid the prior art in determining validity, and then expanding those claims to find infringement. Thus, the

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[2] One claiming to be an "inventor" is presumed to know all the prior art in his field, *Dann* v. *Johnston*, 425 U.S. 219, 229 (1976), and in determining the question of obviousness a court should "first picture the inventor as working in his shop with the prior art references—which he is presumed to know—hanging on the walls around him." *Application of Fred P. Winslow*, 365 F.2d 1017, 1020 (C.C.P.A. 1966).

district court's factual findings as to whether the Whitmore-Mader process was identical to Kodak's PR-10 chemistry (Brief at 7-9, 26, discussing '789) are not dispositive; the district court's error was in failing to consider whether those aspects of the PR-10 chemistry allegedly infringing '789 were merely obvious modifications of Whitmore-Mader (see A72-77). Similarly, the lower courts erred in failing to consider whether Kodak's film exit was an obvious adaptation of the prior art, and then compounded their error by holding that "benefits" of the prior art structure supposedly revealed in the '211 patent provided a basis for patentability, despite this Court's explicit holding that "more than a new advantage of the product must be discovered in order to claim invention." *General Electric Co.* v. *Jewel Incandescent Lamp Co.*, 326 U.S. 242, 249 (1945); see Petition 21-24.

B. Given Polaroid's recognition that obviousness is a question of law, we agree with Polaroid that this case "turn[s] on the application of settled principles of patent law to the particular facts presented" (Brief 14). It is the rejection of just those "settled principles" by the courts below which gives rise to the need for review by this Court.

Despite the length of the trial and the parties' voluminous papers (Brief 2), the factual inquiries bearing on obviousness, as outlined by *John Deere*, presented in the end only limited areas of dispute: (1) The level of skill in the applicable art was undisputed. (2) Ascertaining the scope and content of the prior art involved the taking of extensive evidence, but produced only a few contested issues (see, e.g., A71-72 regarding the invention date of '789); no prior art was excluded as outside the field of knowledge of those practicing the art. (3) The differences between the prior art and the claimed inventions were the subject of extensive and heated disagreement, but those disputes were

in large measure directed not to resolution of conflicts in evidence but to the ultimate legal question of whether the differences amounted to invention, just as in *John Deere*. *See* 383 U.S. at 24-26.

Yet, despite Polaroid's assertion to the contrary (Brief 19), the court of appeals clearly held that Kodak had the "burden of proving by clear and convincing evidence facts requiring a conclusion that one of ordinary skill would have found the claimed invention obvious at the time it was made" (A5; see also A8, A16, A22, A27, A33, A38). Unless this was idle chatter, it can only be taken as meaning that Kodak was required to "prove" a legal conclusion and as thereby showing a lack of appreciation of the lower courts' duty to apply the constitutional standard of invention to the facts as found. Kodak did not fail to meet an *evidentiary* burden in this case, and it had no special burden to "prove" the law. *See Dual Manufacturing & Engineering, Inc.* v. *Burris Industries, Inc.*, 619 F.2d 660 (7th Cir.) (en banc), *cert. denied*, 449 U.S. 870 (1980). Polaroid and the lower courts appear to equate the statutory presumption of patent validity with the presumption in favor of a legislative act regulating economic activity when challenged on equal protection grounds, but all of this Court's decisions reject the granting of such deference to decisions of the Patent and Trademark Office. Rather, the responsibility of the courts is to enforce the constitutional standard of invention in every case.

Had the lower courts and the political authorities paid as little heed to *Brown* v. *Board of Education* and *Reynolds* v. *Sims* as the Federal Circuit and the Patent and Trademark Office have paid to *John Deere*, *Anderson's-Black Rock* and *Sakraida*, racial segregation and legislative representation for trees would still be commonplace. Although such basic human rights are not the stuff of patent law, the

Framers were as hostile to unwarranted grants of monopoly as they were favorable to political freedom and chose carefully to limit the bounds of the former as well as to safeguard the latter.

> " 'Congress may not authorize the issuance of patents whose effects are to remove existent knowledge from the public domain, or to restrict free access to materials already available. Innovation, advancement, and things which add to the sum of useful knowledge are inherent requisites in a patent system which by constitutional command must 'promote the Progress of . . . useful Arts.' This is the *standard* expressed in the Constitution and it may not be ignored.' "

Anderson's-Black Rock, 396 U.S. at 61, *quoting John Deere*, 383 U.S. at 6; *cf. Standard Oil Co.* v. *United States*, 221 U.S. 1, 49-61 (1911). The courts must discharge their responsibility to enforce the limitations of the Patent Clause or the result will be "an indiscriminate creation of exclusive privileges" that "tends rather to obstruct than to stimulate invention" and "embarrasses the honest pursuit of business with fears and apprehensions of . . . vexatious accountings for profits made in good faith." *Atlantic Works* v. *Brady*, 107 U.S. 192, 200 (1882).

This Court's plenary jurisdiction, consistently invoked for over a century to prevent the erection of monopolies in contravention of the Constitution, must again be exercised for that purpose in this case, which concretely presents just such a situation with respect to a substantial field of commerce.

Respectfully submitted,

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